



REPUBLIC OF MACEDONIA

AGENCY FOR ELECTRONIC COMMUNICATIONS

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# Mobile market analysis in the Republic of Macedonia

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04-05 October 2007, “**Workshop on application of EU Regulatory Framework in the electronic communications area (market analysis procedures)**”, Belgrade, SERBIA



## Content

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- Legislation & Regulatory Framework
- Status of the mobile market
- Process of market analysis
- Relevant markets
- Relevant market analysis



## Legislation & Regulatory Framework

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### **“Electronic Communications Law”**

- adopted by a Parliament of the Republic of Macedonia in March 2005, amended in February 2007 and April 2007
- almost all directives from the electronic communications framework based on 2002 Acquis of European Union are implemented

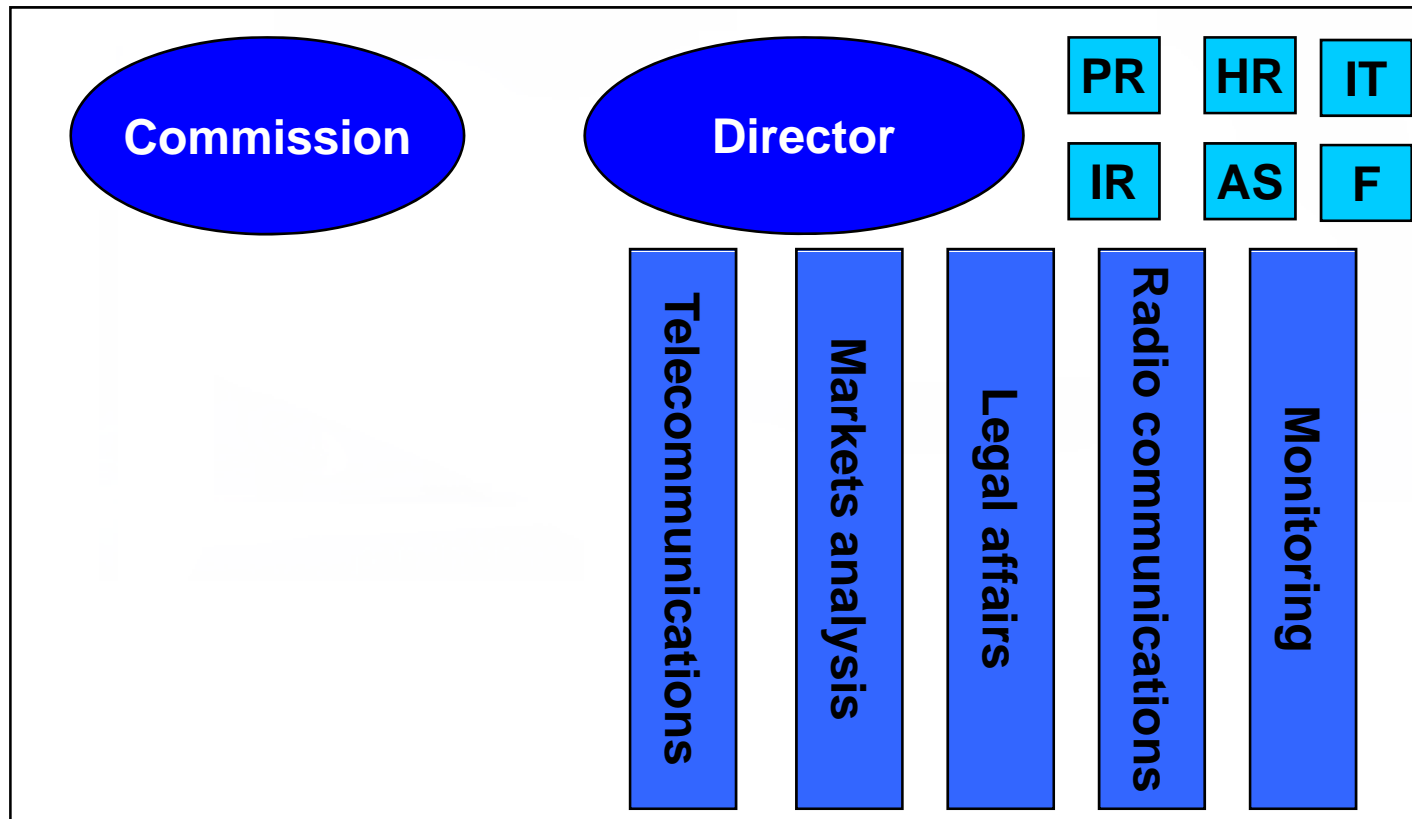
### **“Decision for Determination of Relevant Markets”**

- adopted in August 2005 by a Commission of the Agency
- in accordance with European Commission Recommendation on Relevant Markets of Products and Services, published in the Official Journal of the European Union (*OJ.L.114, of 08.05.2003*)



# National Regulatory Authority (NRA)

Agency for electronic communications ([www.aec.mk](http://www.aec.mk))



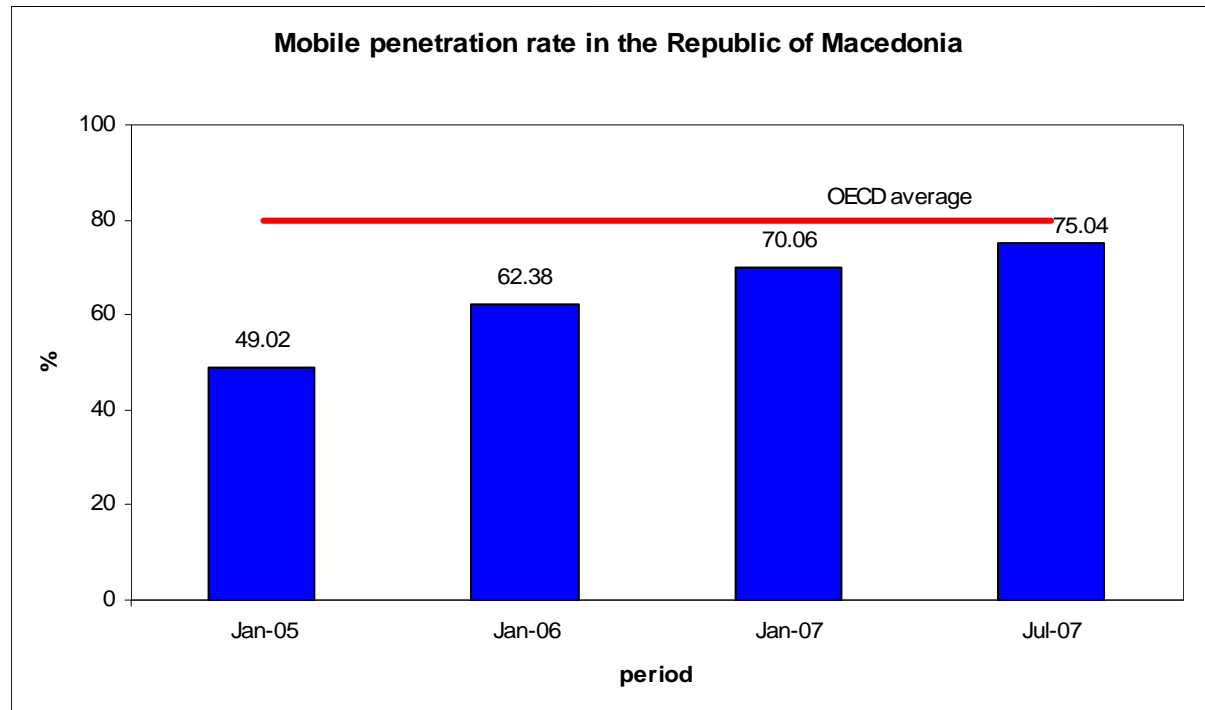
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## Status of the mobile market (1/2)



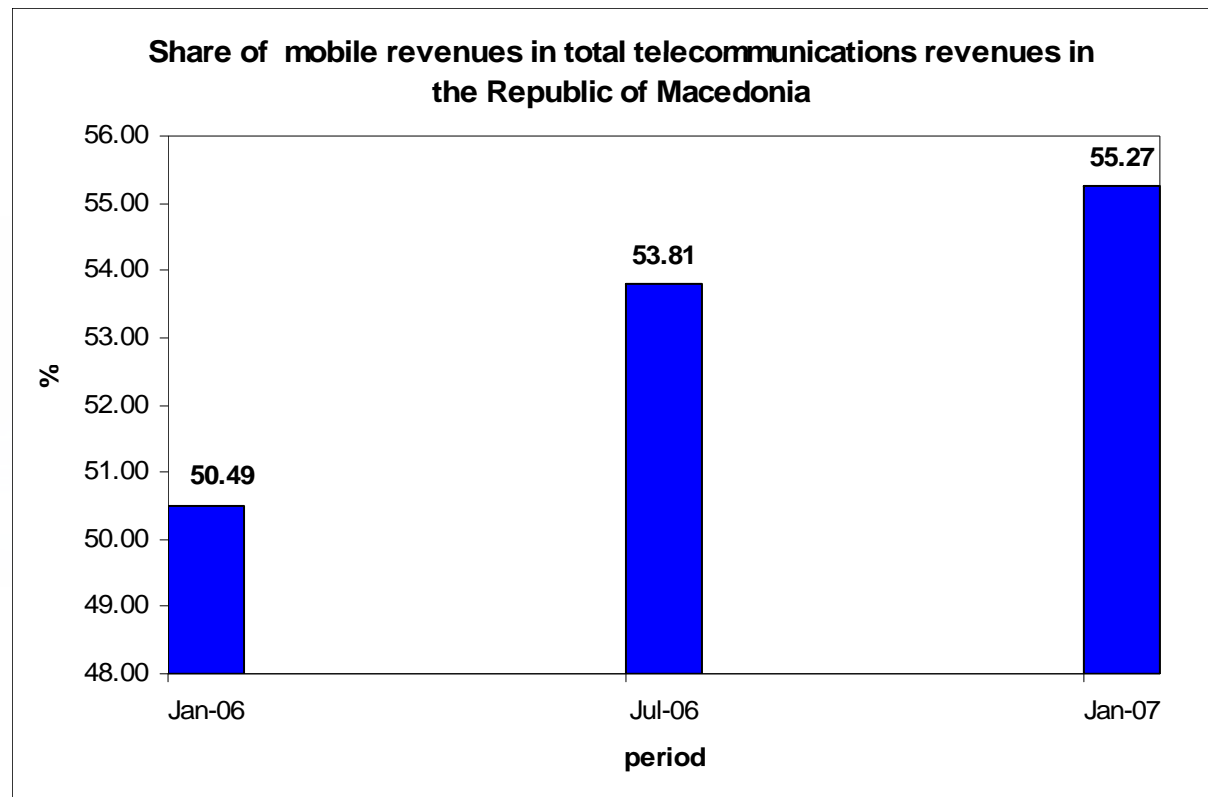
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## Status of the mobile market (2/2)



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## Mobile market analysis start

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- The public tender for radio frequency utilization authorization for the 3<sup>rd</sup> mobile network operator was published in October 2006
- In February 2007, the Commission of the Agency for electronic communications decided to grant a radio frequency utilization authorization to “Nov operator-VIP operator” - a daughter company of Mobilkom Austria
- Relevant mobile markets – wholesale level:
  - Market 15 Access and call origination on mobile public telephone networks
  - Market 16 Voice call termination on individual mobile networks
  - Market 17 National market for international roaming on public mobile networks



## Process of market analysis

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- Preparing the questionnaires
- Data collection
- Received data analysis
- Defining relevant market
  - Wholesale level
  - Retail level
- Relevant markets analysis
- Consultations with the Competition Authority
- Publishing the draft-document
- Public consultation
- Decision





## Preparing the questionnaires

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- Defining all relevant technologies
- Defining all data necessary for market definition and analysis
  - Wholesale level
  - Retail level
  - Penetration
  - Prices
  - Subscribers
- Consultations with ERG/IRG member states and exchanging the experience for preparing the questionnaires and market analysis
- Comparing international experiences with our needs



## Data collection

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- Historical questionnaires for the period 2001-2005 were sent to the both Mobile Network Operators in November 2006
  - Time period to fulfill the questionnaires was within the next 2 months until January 2007
- Quarterly questionnaires were sent to the both Mobile Network Operators in October 2006
  - Time period to fulfill the questionnaires is as follows:
    - I quarter    1<sup>st</sup> of January - 31<sup>st</sup> of March                      until 10<sup>th</sup> of April
    - II quarter    1<sup>st</sup> of April - 30<sup>th</sup> of June                              until 10<sup>th</sup> of July
    - III quarter    1<sup>st</sup> of July - 30<sup>th</sup> of September                      until 10<sup>th</sup> of October
    - IV quarter    1<sup>st</sup> of October - 31<sup>st</sup> of December                      until 10<sup>th</sup> of January



## Defining the relevant market

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### “Three criteria test” for relevant market

- Demand-side substitution
- Supply-side substitution
- Potential competition



## Demand-side substitution

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- Subscribers behaviour
  - “Public opinion research on Macedonian telecommunication market”
    - Results:
      - 73% of total population under 14+ use mobile
      - 18% of them answered that have changed the mobile network operator
      - Reasons for changing mobile operator were:
        - 48% prices
        - 43% services
        - 4% to be connected on the same operator as my family/friends



## Substitutes

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- Mobile or fixed –to-fixed call as a substitute to mobile-to-mobile call in a different network
- Mobile-to-mobile call in the same network as a substitute to mobile-to-mobile call in a different network
- SMS, MMS as a substitute to fixed or mobile-to-mobile call



## Significant market power (SMP) operator (1/2)

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### Definition for SMP operator

“An operator of public communication network or provider of public communication service shall be deemed to possess significant market power if in a relevant market of public communications networks and services, in a given geographical area, it has the power and capacity to act independently of the competitors, users and consumers in that market with respect to the prices or offer.”

“If one operator or service provider has significant market power in a relevant market, it may also be deemed to have significant market power in a market closely related to the first, where the links between the two markets are such as to allow the market power held in one market to be asserted in the closely related market.”



## Significant market power (SMP) operator (1/2)

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### Criteria:

- The market share of the operator in the relevant market and changes in the market share over time;
- Barriers to entry into the relevant market and their effect on potential competition;
- The effect on countervailing purchasing power expected by large users on the power of the operator;
- Elasticity of demand;
- The stage of development of the relevant market;
- Technological advantages;
- The development of sales and distribution network;
- Economies of volume or economies of integration;
- The level of vertical integration;
- The level of product differentiation or
- Access to financial resources



## **Determination of the remedies of SMP operator**

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- Interconnection and access
- Transparency in interconnection and access
- Non-discrimination in interconnection and access
- Accounting separation
- Price control and cost accounting obligations
- Access to and use of specific network facilities





## Public consultation process

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- In June 2007, the Agency had published the draft-document on Market 16 analysis and had opened a public consultation on it
- Until the end of July 2007, 4 companies have submit comments to the draft-document
- Agency had analyzed the received comments and had concluded that some of them should be accepted and should be implemented into the document for market 16 analysis
- Cooperation with the Competition Authority
- The decision is under consideration



## Mobile market analysis in the Republic of Macedonia

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THANK YOU  
FOR YOUR ATTENTION!  
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